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TO: Legislative Counsel
Office of General Counsel

SUBJECT: Comments on S.3897

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1. This bill is a great improvement over S.3199 in that several items to which we would have to secure an exception have been eliminated.
2. The new bill is less objectionable in that the provisions take on the tone of "government policy" because they become effective only as deemed desirable and practicable. These provisions are:
 - a. That the budget document include information on program costs and accomplishments;
 - b. That appropriations be determined on an annual accrued expenditure basis and that these appropriations be developed from cost based budgets;
 - c. That a coordinated organizational structure, budget classification and accounting systems be established;
 - d. That Agency accounting systems be maintained on an accrual basis; and
 - e. That the allotment system be simplified.
3. This Agency is in accord with items a, c and e and has made considerable progress in these areas. Items b and d, dealing with accrued expenditure and cost budgeting and accounting, require considerable study before an evaluation can be made of the impact of these proposals. As we have commented before, we are not convinced that accrual and cost accounting will solve the government's budgeting and accounting problems and recommend that thorough consideration be given to the implications of these proposals before adopting the policy that cost and accrued expenditure accounting be established throughout the government.

4 June 1956

Comptroller

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